**OFFICE OF
INSURANCE COMMISSIONER**

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HEARINGS UNIT
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Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

Patricia D. Petersen
Chief Hearing Officer
(360) 725-7105

Wendy Galloway
Administrative Assistant
(360) 725-7002
WendyG@oic.wa.gov

NOTICE OF RECEIPT OF DEMAND FOR HEARING

To: Alex Arezina, Esquire
Founders Insurance Co.
1645 E. Birchwood Avenue
Des Plaines, IL 60018

Copy To: Marcia G. Stickler, OIC Staff Attorney, Legal Affairs Division
Office of the Insurance Commissioner
P.O. Box 40255
Olympia, Washington 98604-0255
(360) 725-7048

From: Patricia D. Petersen, Chief Hearing Officer

Date: March 20, 2006

Hearing: Founders Insurance Company, D06-95

This is to advise you that on March 16, 2006, the Hearings Unit received and filed your Demand for Hearing.

Because you have requested that an administrative law judge from the Office of Administrative Proceedings (OAH) conduct the hearing in this matter, on March 20, 2006 the hearing file will be transmitted to OAH. Per our arrangement with OAH, an administrative law judge with OAH will be appointed to hear this matter and enter an initial decision, or recommended, decision. The initial decision and hearing file will then be returned by OAH to this Hearings Unit. At that time, the entire hearing file, including the transcript of the proceeding before the administrative law judge with OAH, will be reviewed by the Review Judge, and final Findings of Facts, Conclusions of Law and Order will be entered. More details about this procedure appear on the attached page.

If you have any questions concerning this Notice, please contact Wendy Galloway, Administrative Assistant, Hearings Unit, at the above telephone number or address.

HEARING PROCEDURES – OFFICE OF THE INSURANCE COMMISSIONER

Depending on your Demand for Hearing and applicable statutes, you may have had two options available for the procedure by which your hearing will be conducted. These two options are as follows:

Option 1: Your hearing will be presided over by a Hearings Judge who handles appeals from actions of the Insurance Commissioner. Under this option, the Insurance Commissioner may refer the case to a Hearings Judge. The Hearings Judge is an individual who has not had any involvement with this case. The Hearings Judge will hear and make the final decision in the case without any communication, input or review by the Insurance Commissioner or staff or any other individual who has knowledge of the case. The Hearings Judge's final decision may uphold or reverse the Commissioner's action or may instead impose any penalties, which are less than those contained in the Commissioner's action.

Option 2: Your hearing may be presided over by an Administrative Law Judge from the Office of Administrative Hearings. That Administrative Law Judge will issue an initial or recommended decision which will then be sent to the Insurance Commissioner. The Insurance Commissioner, or his designee, will review the initial decision and make the final decision. The Insurance Commissioner's final decision in the case may uphold, reverse or modify the initial decision, thereby changing the penalty which is recommended in the initial decision. In writing the final decision, the Insurance Commissioner is not bound by the findings of facts or conclusions of law which were made in the initial decision.

Based upon your request in your Demand for Hearing, your hearing will be handled under Option 2 described above. Additional Notes:

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